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A CAHNERS PUBLICATION

JUNE 1991

SECURITY®

THE MAGAZINE FOR SECURITY DECISION MAKERS

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Dressing For Success p. 38

Customizing Access Controls p. 47

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Richard Hursey
Director of Security
Missouri State Lottery

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SECURITY INDICATORS

Trends and forecasts for determining loss prevention needs.

EMPLOYMENT TRENDS

Handle With Care: Layoff Victims Pose Risks To Former Employers

A skyrocketing unemployment rate characterized first quarter 1991 as an unstable period for employees and employers alike.

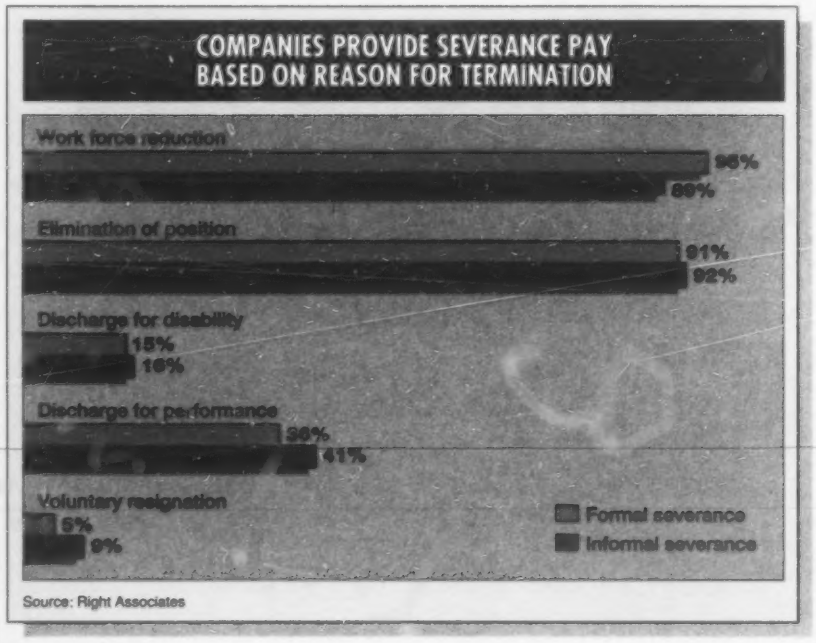
Severance pay benefits softened the blow for workers whose employers offer severance pay programs. A study of 338 manufacturing companies conducted by Right Associates, Philadelphia, finds that 95 percent of participating firms extend severance pay to those affected by work force reductions. By offering termination packages, these firms to some extent lessen the likelihood that former employees will instigate incidents. However, all firms face increased risk following employee terminations.

The Right Associates' study differentiates between responding firms as those which grant formal severance pay — such as that included in a published policy — or informal severance pay — a case-by-case system.

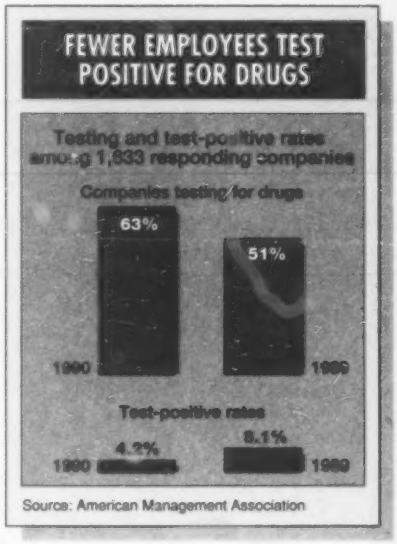
Virginia Lord, senior vice president, Right Associates, says all employers must follow certain guidelines to decrease risks posed by former employees.

"Separating organizations must keep their own and the former employee's safety in mind," Lord tells SECURITY. "They must determine exactly how an individual will leave the premise, how to collect keys and credit cards and when to change passwords. All these things must be done in a positive manner to avoid alienation."

Lord suggests assigning a security officer or a manager to supervise as a terminated employee empties the work area. This precaution helps ensure that proprietary information stays with the company.



Most organizations — 85 percent — have some type of severance pay policy. Firms which establish post-termination procedures may decrease incident likelihood.



Government regulations prompt more firms to test employees for drugs.

DRUGS

Increased Drug Screening Reveals Test-Positive Drop

Fewer employees tested positive for drug use in 1990, despite a 22 percent increase in testing that year among firms surveyed. So says a survey of 1,633 companies conducted by the American Management Association (AMA), New York City.

The number of organizations which conduct periodic or random testing doubled in each of the past two years.

AMA survey director Eric Greenberg cites several reasons for the 48 percent test-positive drop in 1990.

"The percentage of test-positives becomes smaller as the periodic- and random-basis testing pool grows," Greenberg says. "The test-positive rate stands at 27 percent for suspicion-only tests."

Department of Transportation (DOT) regulations which mandate driver testing influence the increase in corporate drug testing. Among transportation companies, 95 percent report having drug testing policies. Testing is also common among manufacturing, wholesale and retail firms, which are frequently covered by DOT mandates.

CRIME TRENDS

Vehicle Theft Passes Other Personal Crimes

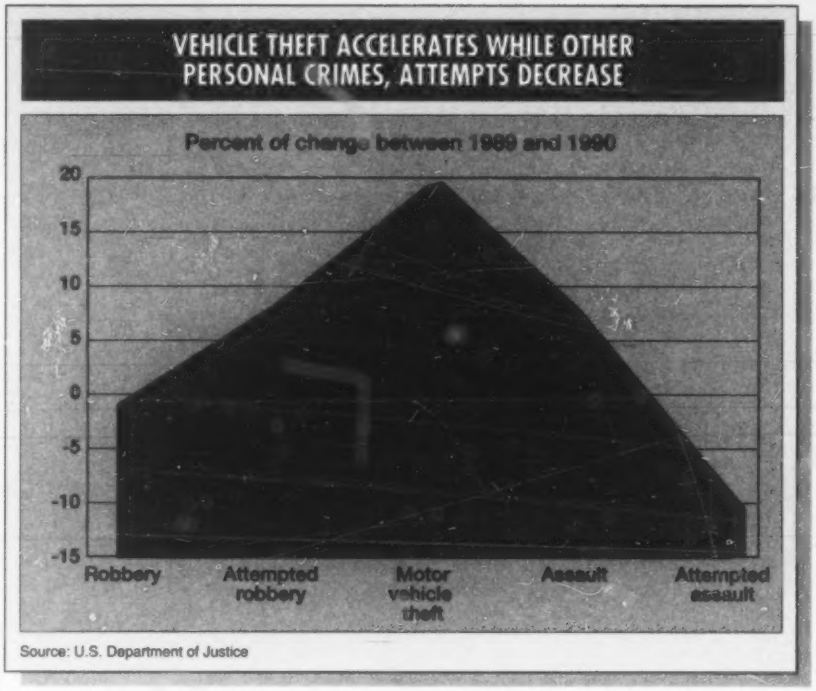
Car thieves realized a profitable year in 1990, driving home a 19 percent motor vehicle theft increase over 1989, says the U.S. Department of Justice. Thieves stole a record-breaking 1.4 million motor vehicles and attempted to steal another 770,000 cars.

Despite the dramatic increase in vehicle thefts, combined personal and household crime decreased by 1 million offenses in 1990. Last year's 8 percent decline in personal thefts which were accomplished without direct contact between the victim and the offender contributed toward the drop. Theft of personal belongings from public places and parked cars comprises 95 percent of all personal thefts and 66 percent of all crimes against individuals.

"Single-tenant premises are easier to protect because this is where security's people and technology can best be put to advantage," says Robert Shellow, Ph.D., past president of the International Association of Professional Security Consultants and president of IMAR Corp., Bethesda, Md. "It's harder to deter crime on city streets or in large public places such as airports."

Alfred Blumstein, dean of the School of Urban and Public Affairs, Carnegie Mellon University, Pittsburgh, says unemployment influences burglary rates.

"Burglary declines during high unemployment periods because more people are at home to protect their premises," Blumstein says. "We're expecting an upswing in the age group most likely to commit burglary within the next two years, however." The current peak age for burglars is 16.



Victims reported about 13.3 million personal crimes last year. About 62 percent of offenses experienced by those surveyed were never brought to officials' attention.

PRIVACY

Employee Privacy Issues Challenge Security Practices

Human resource and security personnel are poised to revise policies and procedures to comply with employee privacy provisions, says a study of 393 U.S., European and Canadian firms conducted by The Conference Board, New York City.

Four human resource practice categories are subject to increasing legislative or judicial scrutiny: solicitation and maintenance of personnel data and procedures for data access; dissemination of personnel data to third parties; searches and physical or electronic surveillance of employee conduct; and written and unwritten policies regarding off-duty conduct.

More than four-fifths of respondents in all three regions say thorough solicitation of information from job applicants is the key to evading more intrusive practices such as surveillance and monitoring. Employee job applications, formal appraisals and attendance records are likely elements of their files, the study finds. Fewer than half of respondents include credit information, criminal convictions or detailed personal health data in employee records.

Ten states maintain right-to-privacy provisions.

NEWS

Security Wrap-Up: Credit Crime, Computer Security

▶ The National Association of Credit Card Merchants, Boynton Beach, Fla., reports increasing **internal fraud** problems among retailers. The first big problem: Employees write orders so customer merchandise is sent to the employee's home. Second, employees direct credits to their own credit cards instead of to customer accounts. The association advises retailers to place all employee names and addresses in a "negative file" and to run every transaction against that file to verify that orders and credits do not go toward employees.

▶ The Association for Computing Machinery (ACM), New York City, has designated December 2 as the first **National Computer Security Day.** Workshops will be held in 12 major U.S. cities three weeks prior to this date. Phone (212) 869-7440 for more information. ACM's special interest group on security, audit and control developed the Computer Security Day concept.

Five Tips to Soften Looming "Hard Insurance" Wallop

As premiums jump and insurance tightens, business demands more of security programs.

By Bill Zalud
Editor

The price of property and business insurance could rise 10 to 20 percent later this year, with some coverage more difficult to obtain, according to reports analyzed by SECURITY Magazine.

Looming hard insurance may encourage corporations to shift some spending to in-house security or to self-insured programs that advocate internal controls. Yet this shift could pressure some contract security firms to significantly raise prices — and it could kill weaker companies.

What's Happening?

Insurance companies typically operate in soft and hard markets. When insurance is soft, more firms write policies. It's usually easier to obtain and less expensive, with more liberal, inherent discounts. When insurance is hard, some coverage is more difficult to obtain, prices are higher and discounts fade.

"We're now between a soft and hard market," comments Sean Mooney, economist for the Insurance Industry Association (IIA), New York City. Depending upon whom you ask, hard insurance may hit later this year, in early 1992 or later. "We don't anticipate premium increases like of the mid-1980s, where liability insurance, for example, skyrocketed 70 percent. But the insurance fire sale is ending," adds Mooney.

Here are suggestions to handle hardening of the insurance arteries.

Check Ratings

Insurance coverage for contract firms, especially those providing security officers, is critical. "During the last hard market," says Bryan Brownyard of The Brownyard Group, Bay Shore, N.Y., "companies were severely pinched," caught between rising insurance premiums and an inability to pass along those costs because of static contracts. As some went under, businesses contracting their services were then trapped, too.

"Check more carefully into the specifics of insurance coverage of your contract firm. Look for the highest ratings (A+) issued by Standard and Poors and A.M. Best," advises Brownyard.

Shop Around

"Tell your broker to shop around, if possible, or check out rates at different companies," suggests Allan Apo, manager of crime prevention, American Insurance Services Group, New York City. Though regulated, the insurance industry is price-competitive and relative bargains will still exist.

Danger exists, however. If there is difficulty in obtaining certain types of coverage, insurance companies tend to "take into account their loyal customers," points out Mooney.

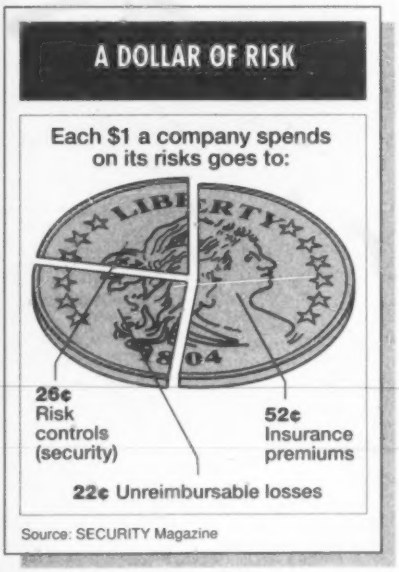
Substitute Services for Discounts

Routine insurance discounts — the result of security and fire protection systems — may fade, or qualifying requirements may be made more expensive. However, some insurance firms now offer a menu of security-related services to attract and hold customers.

"We value-add for insurance clients," comments Gerald T. Brandt, partner, Risk Prevention Group, Chicago. Brandt's consulting practice conducts security assessments, crisis planning, hazardous communications and other services free or at substantially reduced cost to corporate insurance purchasers. The tab is picked up by the insurance company. "It's a marketing opportunity, but it's a plus for the companies we help," he says.

Bridge the Gap

Insurance companies work closely


A DOLLAR OF RISK
Each $1 a company spends on its risks goes to:
26¢ Risk controls (security)
52¢ Insurance premiums
22¢ Unreimbursable losses
Source: SECURITY Magazine

The more effective security, the lower the premiums.

Liability coverage may take a greater hit in a hard insurance market.

Hard Insurance Coming

with business, industry and law enforcement officials.

According to Robert L. O'Block, Joseph F. Donnermeyer and Stephen E. Doeren in their recently published second edition of *Security and Crime Prevention* (Butterworth-Heinemann), they promote anti-fraud programs against false claims, disseminate security information and support state and local prevention programs.

For example, cooperative programs can standardize theft reporting.

The Washington, D.C.-based National Cargo Security Council (NCSC) early this year, for instance, released a standardized cargo theft reporting form that was developed with the help of insurance companies, according to Willis Bixby, NCSC's executive director.

Security service providers also can help bridge the gap. Monitoring services play influential roles in organizations and committees that affect national, regional and local codes.

"We can help the user determine why his or her insurance rate is what it is, and we can recommend steps to take to reduce premiums," says Craig Leiser, vice president of marketing and dealer operations, National Guardian Security Services Corp., Minneapolis.

Property insurers have helpful, direct information for security and safety departments. For example, Industrial

Premium rise of 10 to 20 percent is predicted.

Risk Insurers of Hartford, Conn., offers IRInformation, a loss prevention manual that includes interpretive guides to National Fire Protection Association (NFPA) standards. The subscription service is $250.

Take Additional Action

If the hard market hits, most experts believe that environmental liability, security officer, private investigator and corporate director/officer coverage will suffer most.

Look at these areas more carefully. Environmental liability can be mitigated to an extent through additional protective action such as hazards communications programs, signage and secure storage. Due diligence has increased the need for more thorough background investigations of top officers and directors in companies, too. □

For More Information

American Insurance Services Group	Circle 176
Butterworth-Heinemann	Circle 177
The Brownyard Group	Circle 178
Industrial Risk Insurers	Circle 179
Insurance Industry Association	Circle 180
National Cargo Security Council	Circle 181
National Guardian Security Services Corp.	Circle 182
Risk Prevention Group	Circle 183

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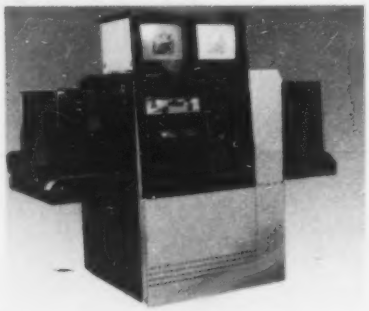
For information circle 31



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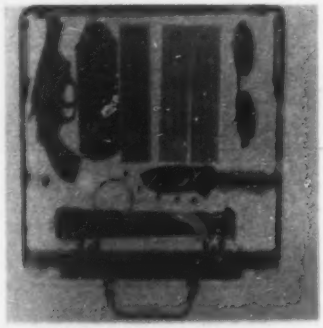

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